

**OFFICE OF CITY CONTROLLER**  
**CITY OF HOUSTON**  
INTER OFFICE CORRESPONDENCE

<b>To</b>	Mayor Lee P. Brown City Council Members	<b>From</b>	Sylvia R. Garcia City Controller
		<b>Date</b>	November 27, 2002
		<b>Subject</b>	<b>October 2002 Financial Report</b>

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2002.

**GENERAL FUND – FY 2002**

- The estimated Undesignated Fund Balance at June 30, 2002 is \$80.2 million. This amount includes adjustments for franchise fees and banking transactions recorded as adjustments since the last MFOR publication. Overall adjustments to fund balance since the original estimate in the July 2002 MFOR is an increase of \$727,000. This will complete the fiscal year at 6.72 % of expenditures less debt service.

**GENERAL FUND – FY 2003**

**Revenues**

- Property Tax projections have decreased principally due to an upward revision in the projected amounts to be rebated to the various Tax Increment Reinvestment Zones (TIRZs).
- Sales tax allocation amounts received for the first three months of the fiscal year are 7.9% less than FY 02. The total for the 11 calendar months ending with November 2002 is 1% less than 2001. We have projected a modest average increase for the balance of this fiscal year at 2.5% year over year increase.
- Municipal court fines and forfeits are now slightly ahead of FY 02. We have not changed our estimate for FY03, but are hopeful that this trend continues as a result of the new traffic enforcement group beginning to have a positive impact on this revenue source.

**Expenditures**

- Total expenditure projections remain virtually unchanged except for minor adjustments in general government. We have moved the compensation contingency from general government to the applicable departments.

The projected net activity for fiscal year 2003, allowing for the budgeted Any Lawful Purpose Fund transfer of \$4.1 million, is a \$31.8 million shortfall. This is \$12.2 million more than the of \$19.6 million September projection. The changes are attributable to the Property and Sales Tax reductions along with the minor general government adjustments discussed above. The administration has furnished us a list of projected savings, which we will report on in subsequent reports.

**Mayor Lee P. Brown**  
**City Council Members**  
**October 2002 Monthly Financial and Operations Report**

**HIGHLIGHTS OF THE BOND STATUS REPORT**

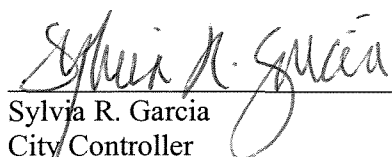
<u>COMMERCIAL PAPER</u>	<u>Drawdowns FY 03</u> (in millions)	<u>Drawdowns In Oct.</u> (in millions)	<u>Amount Available to be Drawn</u> (in millions)	<u>Amount Outstanding</u> (in millions)
<b>General Obligation</b>				
<i>(Series A &amp; B)</i>				
<i>Public Improvement Bond</i>	\$ 62.0	\$ 15.0	\$ 203.0	\$ 316.3
<i>(Series D)</i>	\$ 0.0	\$ 0.0	\$ 165.0	\$ 0.0
<i>(Series C)</i>				
<i>Equipment</i>	\$ 10.0	\$ 0.0	\$ 10.9	\$ 65.0
<i>Storm Overlay</i>	\$ 5.0	\$ 5.0	\$ 9.1	\$ 15.0
<b>Water and Sewer</b>	\$ 120.0	\$ 10.0	\$ 460.0	\$ 240.0
<i>(Series A &amp; B)</i>				
<b>Aviation</b>	\$ 10.0	\$ 0.0	\$ 300.0	\$ 0.0
<i>(Series A,B, &amp; C)</i>				

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt issued in a variable rate structure.

As of October 31, 2002, the ratio for each type of outstanding debt was:

<b>General Obligation</b>	20.0%
<b>Water and Sewer</b>	6.0%
<b>Aviation</b>	15.8%
<b>Convention &amp; Entertainment</b>	24.1%

Respectfully submitted,

  
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 Sylvia R. Garcia  
 City Controller